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How fiscal hawks came to back a $2 trillion aid package

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Amid the ongoing coronavirus pandemic, the fiscal hawks have been grounded.

The House passed the largest aid package in U.S. history Friday by voice vote after a brief procedural opposition by Rep. Thomas Massie, sending the $2 trillion bill to the president.

It's the third round of aid in a month to respond to the coronavirus pandemic, which as of Friday hit more than 97,000 cases nationally and sparked the worst jobs report by a factor of five compared to the previous highest numbers, with the Labor Department reporting 3.3 million new unemployment claims last week.

The nation is in an era of economic superlatives, one the U.S. hasn't seen since the Great Recession. But unlike the Obama administration's effort to dig the economy out of that hole in 2009, Republican buy-in for this effort is all but complete, a drastic about-face for a party that decried the $831 billion American Reinvestment and Recovery Act as a "classic case of big promises and big spending with little results," as former House Speaker John Boehner described it later.

Massie is in the minority over his explicit opposition to the bill. Throughout Washington, fiscal hawks are tossing out their playbooks in regards to the coronavirus response and say now is the time for the government to open the spigot and get cash to citizens and aid to government institutions and businesses.

"We're literally talking about something that is an existential threat to the entire world economy," said Jonathan Bydlak, director of the Fiscal and Budget Policy Project at the center-right R Street Institute. "It's as if an asteroid were coming and about to strike the Earth and all of the countries have to come together and pool resources and figure out how are we going to deal with this."

What's happening now is a "once in a 100-year event," and fundamentally different than what happened in the last recession, Bydlak argues.

"In the late 2000s, I think the case is pretty strong that the economic situations that a lot of the companies or banks got themselves into was of their own volition," Bydlak said. "They took risks they shouldn't have taken, they profited massively off of it and they expected on the back end the government to come in and bail them out and essentially socialize their losses."

House members who have preached from the gospel of fiscal conservatism gave way to the moment as well.

“It’s agonizing to take on this debt,” Rep. Russ Fulcher said on the House floor Friday. “But here’s a game-changer for me. When the government shut down the economy, it assumed the responsibility for bringing it back. The virus may threaten our health, but 98 percent or more will survive that. We will not allow the virus to take away our livelihoods.”

It was the backlash to the massive stimulus plans of the Great Recession that helped craft the Republican Party of today. Bank bailouts sparked the deficit-blasting tea-party movement, which candidate Donald Trump latched onto and made his own. The tea-party movement and its ideological cousin, the House Freedom Caucus, have been at the forefront of nearly every spending battle and government shutdown of the past decade. In 2009, no House Republican backed the Obama-era stimulus bill.

As Republicans stepped to the lectern Friday to offer support for the current aid bill, which passed unanimously in the Senate two days earlier, there was a distinct refrain: Members cited elements they considered non-essential to coronavirus aid, such as funding for the Kennedy Center, National Endowment for the Arts, and the Smithsonian Institution, but they’d back the bill anyway.

“We all have those moments in our political lives where we walk up to the mic and say, ‘I’m going to vote for something that is going to break my heart,’ but we have to do the right thing,” Rep. David Schweikert, a Freedom Caucus member who voted for the legislation, said.

But Freedom Caucus Chairman Rep. Andy Biggs voted against the bill.

Sen. Mitt Romney, who slammed President Obama during the 2012 election for his recovery package, was one of the first lawmakers to propose cutting checks to Americans earlier this month. Sen. Josh Hawley, a conservative stalwart, pushed a similar plan.

“Let’s not overthink this. These families need relief—now—to pay bills that are coming due, make those emergency grocery runs, and get ready for potential medical bills. Let’s get it to them,” Hawley said in a press release at the time.

Senate Majority Leader Mitch McConnell, who said the price tag for the 2009 stimulus bill was a “stunning, staggering” amount, led the Senate in drafting this aid legislation. Earlier in March, McConnell said that the parties must set aside traditional fiscal positions for the time being.

“We occasionally have these great crises, and when they occur, we're able to rise above our normal partisanship, and many times our normal positions, because these are not ordinary times,” McConnell told reporters Tuesday. “This is not an ordinary situation, and so it requires extraordinary measures.”

One of the most steadfast, bipartisan proponents of fiscal discipline, the Committee for a Responsible Federal Budget, has called on the government to open the money bin.

“Now is not the time to worry about near-term deficits,” CRFB President Maya MacGuineas said in a statement last Tuesday. “Combating this public-health crisis and preventing the economy from falling into a depression will require a tremendous amount of resources—and if ever there were a time to borrow those resources from the future, it is now. Larger deficits are not only an inevitability, but are, unfortunately, a necessity.”

It’s not as if budget-cutting lawmakers have had much sway in recent years. Before the current series of aid packages, the Congressional Budget Office said in January that the federal deficit will top $1 trillion for fiscal 2020. The total federal debt was $22.8 trillion at the end of fiscal 2019.

Not all fiscal hawks have come to support the urgency for a broad-based coronavirus response.

Massie, upset with the bill's $2 trillion price tag, tried to hold up passage by calling for the yeas and nays following the voice vote, but was unable to get the sufficient number of members to back his effort.

“If getting us into $6 trillion more debt doesn’t matter, then why are we not getting $350 trillion more in debt so that we can give a check of $1 million to every person in the country?” Massie tweeted as he announced his procedural plans, adding on $4 trillion in liquidity from the Federal Reserve to the price tag.

Others said the aid package could have been done differently.

“It is a bizarre and ironic situation that many members who previously saw themselves as fiscal hawks are voting for presumably the biggest piece of spending legislation ever,” said Chris Edwards, economist at the libertarian-leaning CATO Institute.

Edwards said the current bill is a mixed bag, some of it “reasonable,” some “useless.” Edwards backs aid in hardship cases for small businesses and the unemployed, but opposed the broader $1,200 checks about to be doled out, saying the issue isn’t on the demand side of the economy, but that supply is locked up because of the quarantine, a point he laid out in a Thursday blog post.

Phase three, as lawmakers call the current aid bill, isn’t likely to be the final package to leave Congress before the coronavirus crisis is over.

“We all know that this cannot be the final bill,” House Speaker Nancy Pelosi said on the floor.

Pelosi listed a series of potential asks, including stronger protections for worker safety during the pandemic, aid money for Washington, D.C., which was left out in the current bill, and more money for food stamps.

But as the need for immediate aid wanes and the legislating turns more toward long-term recovery, lawmakers are likely to return to their traditional political postures. Some Republicans members alluded to as much Friday.

Rep. John Curtis floated the long-shot idea of creating a federal rainy day fund after the coronavirus crisis, similar to what states operate. Still, Curtis still backed the aid measure.

“Given the size and scope of this pandemic, it’s a hefty price tag that must be paid,” he said on the House floor.